

Performance Architecture Roger Addison & Carol Haig

## Disruptive Selling

Put on your consumer hat for a moment and consider what you have purchased recently. Perhaps groceries, clothing, a household appliance, an electronic device, flowers, or candy? What about a more significant purchase like a house or a boat?

How did you decide where to shop? For groceries, weekly newspaper ads may have guided you. For other items, you likely researched among friends, visited stores, or browsed online to identify possibilities. Perhaps you consulted experts and then broadened or narrowed your search. Did you compare features among products? Maybe you went on to source vendors for product availability and pricing. When you made your selection, did you purchase online and pick-up in the store, have the item shipped to you, or buy direct at a local retailer?

Even a few years ago, consumers shopped at their local retail stores or perhaps ordered from a paper catalog. Today, the many options available online have greatly expanded consumers' control over how and when they shop (after midnight, anyone?) and what they actually buy.

### ***Competition Fosters Innovation***

As Performance Architects, we are interested in all the ways organizations think about how best to reach their customers. Competition is a primary driver in the sales arena and our exploding world of communication channels, connectivity, and supporting devices has encouraged innovative selling processes across industries.

Entrepreneurs are experimenting with different ways to reach and then keep their intended customers. And, we have noticed, many of the resulting new sales processes, intentionally or not, put greater control in the customer's hands and simplify the buying process. For more years than we can count, businesses have declared that they put the customer first. Today, many companies are actually doing it.

Here, we introduce you to some of these companies and highlight what is unique about their sales processes. We invite you to consider the processes in your organization, in sales or other areas, and how you might borrow some ideas from these innovators to enhance how your company operates.

### ***Retail Uprising***

The rush to sell on the Internet produced an array of opportunities for new retailers who create and build their businesses online-only. Pioneers like Amazon trump their successes by continually adding new products, offering faster delivery, and

remaining competitive. Their aggressive sales and marketing processes essentially forced long-established brick-and-mortar retailers to build online portals if they wished to remain competitive.

And now we have the upstart retailers with their unique sales processes and eagerness to meet and exceed their customers' expectations. They are characterized by a clear understanding of who their customer is and are driven to serve that customer as efficiently as possible. Tellingly, these companies are agile and highly flexible, adding to or deleting from their product lines as they identify customer needs and adjusting their sales and service processes as appropriate. A number are also socially conscious, making concerns about the environment, treating people well, and giving back to society part of their operating goals. Here are some companies that impress us.

### ***Online-Only but With a Twist***

A number of retailers sell exclusively online and add some extras to distinguish themselves from their competition:

#### ***Indochino – Made-to-order***

A popular online seller of made-to-order menswear, [www.indochino.com](http://www.indochino.com) mails a tailor's kit of 16 fabric swatches and measuring tapes to customers who then get a \$29 credit toward a future order (Goffe). From their website: "Measure yourself in 10 minutes, then put your suit on, wrinkle-free, right out of the box 6 weeks later." Video instructions for taking measurements and clear steps to follow for choosing styles and fabrics are posted on their site.

#### ***Canopy – Curated Retail***

Amazon.com is not really designed for browsing, but there are some wonderful products to be had there. A thoughtfully curated collection of the best of Amazon is available on [www.canopy.co](http://www.canopy.co). Unaffiliated with Amazon, "Canopy features beautiful and functional products you can actually buy. We bring boutique curation to the Internet's largest catalog."

#### ***Shapeways – Mass Customization***

Mass Customization refers to "...an offering that meets the demands of each individual customer, but that still can be produced with mass production efficiency." (Piller and Hilgers). Do you have an object you'd like to create on a 3-D printer? You can do it at Shapeways 3D Printing Service and Marketplace, [www.shapeways.com](http://www.shapeways.com). In one stop, you can shop, design, and sell your product on their site.

#### ***Online-with-Stores***

These retailers may have opened online-only and then added a brick-and-mortar presence as products or customer needs dictated.

#### ***Warby Parker – Retail With a Conscience***

Launched as a web-only seller of affordable and stylish eyewear, customers use the Warby Parker home try-on program to get a fine pair of eyeglasses for about \$100. The company, [www.warbyparker.com](http://www.warbyparker.com), makes a difference by donating funds for every pair of glasses it sells. The funds go to their nonprofit partners who train people in developing countries to give basic eye exams and sell affordable eyeglasses. Warby Parker has now added stand-alone retail locations and showrooms in selected boutiques for customers who want to buy in person.

**Bonobos – New Product Begets New Sales Process**

With great success as a web-only seller of men's pants, Bonobos, [www.bonobos.com](http://www.bonobos.com), added shirts to its inventory. Unfortunately, no one wanted to buy them. "Customers kept asking if there was any place they could try them on, though, so we built a couple of fitting rooms in the office's lobby," says founder and CEO Andy Dunn. "We didn't tell many people about it, but it took off through word-of-mouth. Next thing I knew, we were on track to do \$1 million in sales—out of our lobby." (Davis)

Bonobos has since moved out of their lobby with a selection of *Guideshops*, "...a hybrid of online and personalized shopping." Customers make appointments and shop in a relaxed environment where they can sit and have a beer as they select clothes to try on. They do not leave with their selected items but rather order in the shop for future delivery. (Itchon)

**Back to the Future**

From these few samples, we glimpse the creativity and considerations that go into building a retail business today. Maintaining and constantly reinventing a company's offerings online requires agility and close attention to what customers want. The processes that support evolving innovation are key to the success of disruptive sales. But these companies are not the first to disrupt selling.

If you grew up in the U.S. and are of a certain age, you remember the famous mail order Sears Roebuck Catalog of goods. For rural Americans pushing westward in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, the Sears Catalog was the source for products not available in remote areas. Founded by Richard Sears in 1888 with a basic mailer, the Sears Catalog grew exponentially (at its most popular it was large enough for small children to use as a stepping stool) until 1993 when it was finally discontinued. (History of the Sears Catalog)

Selling every imaginable product from clothing to household goods, appliances, cars, [http://searsmotorbuggy.com/Sears\\_history.php](http://searsmotorbuggy.com/Sears_history.php), and even houses, <http://www.searsarchives.com/homes/>, we can equate the birth of the paper-based shopping catalog and the advent of online shopping as pioneers in disruptive selling.

And then there is Tesla.

**Tesla Motors – Poster Child for Disruptive Selling**

Outside the sales realm of online-only, brick-and-mortar-only, or the combination of the two, Tesla Motors continually reinvents the sales process and the customer service that goes with it. Both the cars and the company fascinate us and we wanted to know more. We surveyed several colleagues who are Tesla owners, and we include their buying experiences here.

**Unique Sales Process**

Tesla now has showrooms in many cities, making it easy to see and drive the cars. But no matter how much you love them, you cannot buy one there. Famously, Tesla has chosen not to compete with the standard automobile dealership sales model and instead invites customers to purchase the car on their website. Many people dislike car dealerships and for them, being able to completely control their buying by doing it online is hugely appealing. For the rest of us, Tesla's approach is refreshingly

uncomplicated and hassle free. Exploring the sales process made us appreciate the thought and consideration that built it.

When the first Tesla came on the market, you could only see it at the company's headquarters in Palo Alto, California. If that was not possible, you ordered it online and waited about two years to take delivery. Our colleagues who were early adopters purchased without a test-drive. They had the opportunity to provide extensive feedback on their experiences with the cars. We are told that many suggestions from such customers have been incorporated into the cars as they have evolved.

Today, when you order a Tesla online, you go to [www.teslamotors.com](http://www.teslamotors.com) to configure your car. It is built specifically for you with the colors and options you choose. You are given an estimated delivery window (as we write this it is about three months out), and the rest of the purchasing process continues online.

We went online ourselves to schedule a test-drive at a nearby Tesla showroom. When we arrived for our appointment, we were expected and had an opportunity to talk with several employees about the cars, the company, and our curiosity about all things Tesla. The test drive was amazing and we learned more about the features of the Model S as we experienced many of them on nearby freeways and winding suburban roads.

## The Tesla Culture

When we asked one of the very young, part-time Tesla employees at the showroom why she chose to work there she told us that while she liked the car a lot, what attracted her to Tesla Motors was the company's mission, which she then recited: ...to accelerate the use of sustainable transportation by bringing compelling mass market electric cars to market as soon as possible. (Musk) She said she totally believed in what the company stood for and wanted to contribute to that.

As we have discussed in this space, [culture drives organizations](#). When employees share the beliefs and values of an organization they become loyal proponents for the products and services offered, selling because they believe not just because they are paid to do so.

### ***The Customer Experience***

Tesla Motors does not advertise. Like its employees, Tesla customers do it for them. When Tesla opens a new showroom, it is placed in a mall or commercial center where people shopping for other items pass by and can stop in, see the cars, and learn about them. This strategy creates Tesla buyers who then go home, go online, and order the car they just fell in love with. Then they tell their friends, creating a sales and marketing process for Tesla Motors. Imagine going shopping for clothing and buying a new car instead!

Tesla has given considerable thought to how to fulfill its mission in tandem with a focus on the customer. They want the customer's experiences with Tesla to be seamless and have designed processes to accomplish this. In addition to giving the customer complete control over purchasing the car, service needs are handled with minimal customer disruption.

There is not much to service on an all-electric vehicle unless something fails, but if it is needed, a phone call to Tesla brings service to the customer. They valet the

customer a loaner while their car is serviced. The loaner is a Tesla that is more current than the one being fixed. If the customer prefers the loaner, she can keep it and pay the difference. The loaner fleet is continually replenished with the newest vehicles. And servicing begets another sale...

### **Process Take-Aways**

Please swap your customer hat for your customary process chapeau. And as you step back into your accustomed process-related work role, consider how work is accomplished in your organization. Then ask yourself:

- How do our internal processes support and further the organization's mission? Strategic goals?
- To what extent are we agile—do we continually evaluate and improve our business processes for the good of our organization and our customers?
- Are we customer-focused? How do we know we are succeeding?
- As I think about disruptive sales processes, what changes to our way of selling could I suggest?
- How else might we streamline our processes to be truly customer-focused?

### **Summary**

Disruptive selling is about new ways to put goods in customers' hands. Within disruptive retail sales processes, we find an increasing focus on the customer, with sales processes built to serve the buyer first rather than the seller. Using configurations such as online-only for goods made-to-order, curated, or mass-customized, companies are developing new and arguably better sales and service processes. The sales model of combined online and brick-and-mortar offers customers opportunities to buy where and how they wish. With Tesla Motors as a leader in disruptive sales processes, upstart companies are changing the way both they and their customers think about selling and buying. Bonobos has borrowed a leaf from the Tesla playbook and put its' own spin on the omni-channel sales process. And long established brick-and-mortar retailers are examining and then reinventing their old sales processes to meet the competition.

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